

PLANNING AND ECONOMIC DEVELOPMENT COMMITTEE

08-0766R

RESOLUTION AMENDING THE MINNESOTA INVESTMENT FUND (MIF) AGREEMENT WITH THE STATE OF MINNESOTA AND AUTHORIZING AN AMENDMENT TO THE LOAN AGREEMENT AND A PROMISSORY NOTE MODIFICATION AGREEMENT WITH NORTHSTAR MACHINE & TOOL, INC., D.B.A. NORTHSTAR AEROSPACE, INCREASING THE TIME FOR FOR JOB CREATION AND ALLOWING INTEREST-ONLY PAYMENTS FOR A SIX MONTH PERIOD.

CITY PROPOSAL:

RESOLVED, that the proper city officials are hereby authorized to enter into an amendment to the loan agreement and a promissory note modification agreement substantially in the form of those on file in the office of the city clerk as Public Document No. _____ with Northstar Machine and Tool, Inc., d.b.a. Northstar Aerospace, increasing by one year the time within which Northstar must create jobs and allowing Northstar to make interest only payments from January 1, 2009, through June 30, 2009.

FURTHER RESOLVED, that the proper city officials are hereby authorized to execute an amended grant agreement with the state of Minnesota, such amendments to reflect the amended loan agreement and promissory modification agreement.

Approved:

Approved for presentation to council:

Department Director

Chief Administrative Officer

Approved as to form:

Approved:

Attorney

Auditor

STATEMENT OF PURPOSE: In 2006, the city applied to the Minnesota department of employment and economic development(DEED)for a MIF grant in order to provide Northstar funds to purchase new facility expansion equipment. The city received a grant in the amount of \$500,000 from DEED and made a MIF loan of the same amount to Northstar. Northstar will fully repay the loan and is current on its payments. The subsidy is in the form of one percent (1%) interest. In exchange, Northstar agreed to create 50 new full-time equivalents by February 23, 2009.

Northstar is asking to increase the time within which jobs must be created by one year, until February 23, 2010. Northstar is also asking that it be required to make interest only payment from January 1, 2009 through June 30, 2009. The amended agreement and note provide for this.